

# Indiana House of Representatives

## News and Information

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### **PELATH: BUDGET HARMS AREA KIDS, PROPERTY TAXPAYERS**

INDIANAPOLIS – State Rep. Scott Pelath (D-Michigan City) today called the newly passed state budget a disaster for schools and property taxes in LaPorte County. The two-year spending measure passed the Indiana House of Representatives by a 52-46 margin, with Pelath opposing the measure.

"Let there be no mistake or misunderstanding: this budget is a body blow to thousands of school kids in LaPorte County," said Pelath. "For anyone who cares about education, it is simply indefensible."

More than 140 school corporations across Indiana receive cuts, with Michigan City Area Schools (MCAS) among the hardest hit. The budget slashes state support for MCAS by \$2.4 million over Fiscal Years 2006 and 2007. Furthermore, even if the corporation raises every school property tax allowable under law, resources still will be cut by more than \$1 million over the next two years. This shortfall would be added to cuts made in the current budget cycle by the Daniels Administration, which withheld obligated dollars from school corporations earlier this year.

"Many in our community deeply desire progress in public education and care passionately about investing in our future," said Pelath. "They want our students and teachers to meet the expectations and standards thrust on them by our federal and state government. But then Indiana turns around and strips them of all the tools they need to move forward. It's a travesty."

LaPorte Community School Corporation fares better but still faces insufficient funding. In the second year of the budget cycle, its state funding is reduced by \$340,830. However, the corporation is allowed a negligible overall increase of 0.5 percent in 2006 and 0.8 percent in 2007. Pelath said the budget allows these few extra dollars only by forcing increases in school property taxes by 4.2 percent in the first year and another 6.1% in the second year.

"The hidden trick in this budget is the massive tax shift to property owners," said Pelath.

As feared, the budget freezes state dollars used to hold down property taxes. In 2002, the state sales tax increased by 1 percent, and the revenue generated by that increase was promised to property taxpayers to lessen the pain of court-ordered reassessment.

"At the end of the day, the bill holds down state spending by forcing schools and local government to raise \$847.1 million in property taxes statewide," continued Pelath. "Fiscal experts estimate that \$5.4 million of these increases may be pushed on LaPorte County."

The budget, which spends more than it expects to receive in revenue during FY 2006, still will leave the state with an operating surplus of \$529.8 million in FY 2006 and \$765.5 million in FY 2007. The \$24 billion measure spends approximately \$1 billion more than the previous budget.

"Even in this flawed budget, there are dollars to spare for those schools that get hit the hardest," said Pelath. "Schools are not a priority for some of our state's leaders."

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